

FY 08 Budget Management Plan  
Legislative Appropriation Hearings  
Wednesday, January 9, 2008

	Approps Chairmen FY 2008	FY 2008 Executive BMP	Impact of Chairs Options and OSPB (if applicable)
<b>Judiciary - Supreme Court</b>			
Lump Sum Reduction	(1,100,000)	(1,100,000)	Chairs & Executive recommendations are similar.
<b>AHCCCS</b>			
Eliminate Adult Dental Services	(444,400)		25,000 frail, elderly long-term care patients will lose preventive dental coverage, resulting in worse health and more emergency dental expenses.
Eliminate Temporary Medical Coverage Program	(2,783,300)		Of the \$2.8 million, only \$314,000 would be saved in FY 2008. This is due to the state being at-risk for this program. Because costs of care were greater in FY07 than what the health plans received in AHCCCS payments, AHCCCS will have to pay them in FY08 for their FY07 losses.
Reduce KidsCare Children Income Eligible Limit to 175% FPL	(1,164,900)		Arizona will lose a 3:1 federal match by eliminating KidsCare coverage for 19,235 children. Arizona is ranked 4th worst in the nation for children lacking health insurance.
Rollback FY 2008 SOBRA Pregnant Women 150% Eligibility Increase	(600,000)		677 pregnant women will lose prenatal care in FY 2008, resulting in poorer birth outcomes and more uncompensated care for hospitals.
Rollback FY 2008 HPV Vaccine Funding Increase	(2,869,100)		The HPV vaccine protects against the cause of 70% of cervical cancers, so eliminating this funding will result in more women getting cancer. AHCCCS spends approximately \$7 million in State and federal funds per year treating cervical cancer. An unknown portion of this vaccine funding has likely already been expended.

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<b>AHCCCS (continued)</b>			
Eliminate Dual Eligible Part D Copay Subsidy	(696,300)		Some low-income, elderly long-term care patients will not be able to pay copayments and will forego medications, worsening their medical conditions and subsequently increasing costly emergency room visits.
Rollback FY 2008 Graduate Medical Education Increase	(3,000,000)		Arizona has 219 physicians per 100,000, which is well below the national average of 293 physicians per 100,000. Eliminating this funding will cut medical resident positions by up to 95, which will result in fewer new Arizona physicians.
Eliminate Hospital Residency Loan Program	(1,000,000)	(600,000)	Only \$600,000 is uncommitted. Eliminating the already-committed \$400,000 subsidy for medical residencies will result in fewer new Arizona physicians.
Revise Outlier Payment Methodology	(5,943,800)		Given federal matches for this funding, over the biennium this cut will damage Arizona hospital finances by \$35 million.
Eliminate 2-1-1 Call Center Support	(3,422,400)	(1,930,000)	The Executive Recommendation cuts the funding for development of 211 call centers. The Chairmen's proposal goes beyond this to eliminate all 211 funding (though \$719,200 has already been spent). This eliminates support for the maintenance of the AZ211.gov website, which will likely eliminate the website, resulting in more misuse of 911 and constituent confusion when seeking assistance.

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<b>AHCCCS (continued)</b>			
Rollback FY 2008 DES IT Eligibility Project Increase	(1,300,000)		This system, for a total cost of \$45 million, when completed, will save the state \$10 million GF annually for approximately 30 years. Thousands of clients will receive timely and accurate benefits with the new system and Arizona will be less likely to be subject to federal sanctions.
Rollback FY 2008 Claims Computer System Increase	(500,000)	(500,000)	The Chairmen's recommendation and Executive recommendation are identical.
Lump Sum Reduction	(11,902,800)	(395,000)	Deep cuts in AHCCCS and DES administration will result in processing delays and increased error rates, likely leading to lost funding through federal sanctions and delayed redeterminations (which will keep ineligible clients on the AHCCCS rolls). In order to make these cuts in the last 5 months of FY 2008, AHCCCS reports that this will effect 314 staff.
Reduce HealthCare Group Subsidy		(500,000)	Shares the pain of budget cuts with HealthCare Group health plans. HealthCare Group is at-risk in this program. That is to say, HealthCare Group is required to compensate the plans for losses in excess of their premium revenues. There is an \$8M general fund subsidy in the AHCCCS FY08 budget to help HealthCare Group compensate the plans for extraordinary FY07 losses.

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<b>Department of Economic Security</b>			
Eliminate General Assistance Program	(1,826,400)		This is a safety net for over 2,000 individuals awaiting approval for SSI benefits because they can no longer work. The State is reimbursed for these costs by the feds for approved recipients, so this would generate no significant savings.
Rollback FY 2008 Eligibility System Upgrade Increase	(1,000,000)		This system, for a total cost of \$45 million, when completed, will save the state \$10 million GF annually for approximately 30 years. Thousands of clients will receive timely and accurate benefits with the new system and Arizona will be less likely to be subject to federal sanctions.
Rollback FY 2008 Document Management Increase	(500,000)		This funding has allowed DES to move toward improving the accuracy of its record maintenance, eliminating a manual filing system that is wasteful and time consuming.
Reduce Unused Healthy Families Funding	(3,000,000)		DES utilized this funding to reduce the Children Services shortfall in the past. If the funding is removed in FY 2008, the removal of these funds will only serve to increase the DES supplemental request for Children Services. In FY 2009, over 800 struggling families of newborns would not be able to receive family mentoring, which will result in increased CPS intervention later.

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<b>Department of Economic Security (continued)</b>			
Rollback FY 2008 Independent Living Stipend Increase	(1,000,000)		Would reduce the stipend for 300+ former foster youth from \$795 to \$558 per month. This is still well below the cost of living in Arizona. Without this funding they will seek other forms of public assistance.
Rollback Joint Substance Abuse Increase	(2,000,000)		This would cut substance abuse funding to 1,800 families annually, resulting in more CPS intervention and potentially more foster home placements as children are removed from their own homes.
Eliminate Summer Youth Employment and Training	(1,250,000)		These funds are already distributed in FY 2008. They cannot be cut. If the cut applies to FY 2009, 1,500 youth would no longer receive summer employment opportunities, training, and dropout prevention services.
Rollback FY 2008 Visually Impaired Services Increase	(500,000)		350 – 400 visually impaired clients would lose services designed to help them live outside of nursing homes and home care services.
Rollback FY 2008 Respite Care Increase	(500,000)		Cuts respite services to 100 clients taking care of vulnerable family members.

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<b>Department of Economic Security (continued)</b>			
Lump Sum Reduction	(47,055,200)		During an economic downturn, the populations seeking DES assistance increase. An unspecified 10% cut to the DES budget will result in waiting lists for childcare services, increased caseloads for CPS workers, fewer resources for displaced workers, and an increased likelihood of abuse and neglect of children and adults. There will be fewer services available for seniors seeking to maintain their independence. The most vulnerable of Arizona's citizens will be disproportionately impacted by these cuts.
Redirect New Homeless Transfer to GF (Revenue Change)	(1,000,000)	0	Arizona loses over 40,000 bed nights for homeless individuals at approximately \$25 per night.
Community-Based Marriage and Communication Skills Program		(250,000)	There is no impact in FY 2008 due to non-lapsing FY 2007 funds being used to offset this reduction. Reduces grants to local communities and organizations for marriage skills classes and handbooks in FY 2009 and beyond.
TANF Cash Assistance Caseload Savings		(3,950,000)	There is no impact because this program was funded in excess of current caseload projections.
General Assistance Caseload Savings		(500,000)	There is no impact because this program was funded in excess of current caseload projections.
Children's Autism Intensive Behavioral Treatment Services		(1,800,000)	There is no impact in FY 2008. Non-lapsing FY 2007 Funds will sustain this program without interruption in FY 2008.

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<b>Department of Health Services</b>			
Reduce Community Health Centers Funding	(4,500,000)	0	Eliminate 33,000 visits to Centers, resulting in no treatment or increased Emergency Room visits (uncompensated care).
Rollback FY 2008 Senior Food Program Increase	(600,000)	0	Eliminate food vouchers or delivered food baskets for 4,833 seniors; the Department is currently seeking a federal match to expand assistance to 9,833 seniors.
Eliminate Health Crisis Fund Deposit	(1,000,000)	0	Reduce state's ability to react to public health crises quickly, which may increase the number of legislative special sessions needed.
Reduce Health Care Licensure Funding	(1,395,900)	0	Jeopardize health of citizens at over 7,000 health and child care facilities across the state by significantly reducing oversight.
Consolidate Poison Control Centers	(550,000)	0	This would decrease service quality by doubling the amount of calls at one center, eliminate hands on training for medical students, and eliminate any back-up poison control in event of a disaster.
Reduce High Risk Perinatal Services Funding	(1,800,000)	0	Reduce nurse visits for 4,000 babies that have a high risk of developmental disabilities from 4 per year to 2 or less.
Reduce Laboratory Services Funding	(820,000)	0	This would eliminate the Flagstaff Health Lab, which would require that all testing samples (food, animal, etc) from northern Arizona be brought to Phoenix, endangering citizens by causing delays and harming samples.

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<b>Department of Health Services (continued)</b>			
Rollback FY 2008 Contract Compliance Increase	(2,461,100)	(505,000)	The Executive amount represents vacancy savings from delayed hiring. The Chairmen's amount would the reduce the quantity and the quality of behavioral health services across the state by significantly reducing contract compliance oversight of Regional Behavioral Health Authorities; it would also forfeit a \$4.8 million federal match.
Rollback Youth Meth Prevention Funding	(500,000)	0	Eliminate meth prevention classes for 1,236 youth at non-profit youth centers.
Lump Sum Reduction	(23,851,200)	(475,000)	The Chairmen's amount would require severe reductions in health facility licensing, disease control, local and county health grants, disease research, women's services, prenatal services, and many other health services. The health of citizens across the state would be harmed or jeopardized.
Rollback FY 08 Vaccines Increase	0	(1,500,000)	Department stated there would be no impact on the number of vaccines the Executive amount.
Reduce Abstinence Funding	0	(720,000)	The remaining funding will still be sufficient to receive federal matching funds.
Rollback FY 08 IMD Backfill	0	(2,000,000)	There will be no impact due to a new agreement with the Center for Medicare and Medicaid Services allowing patients to be treated at Institutions for Mental Disease if the cost of the services is cheaper than other approved facilities.



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<b>UNIVERSITIES</b>			
Board of Regents			
Rollback FY 2008 Financial Aid Increase	(2,880,000)	0	FY 2008 increase provides financial assistance to 1,700 students for the entire academic year. Currently, 50% has been spent to support fall semester while the remaining balance is committed for spring semester beginning Monday, January 14th.
Rollback FY 2008 Math and Science Increase	(2,250,000)	0	Will cause students currently receiving aid to lose tuition assistance, possibly preventing them from pursuing a math, science or special education teaching degree effectively reducing the amount of teachers available in these high need areas.
Lump Sum Reduction	(776,300)	0	Would cause a reductions in student programs and subsidies such as WICHE, AZ Teachers Incentive and Nursing Education.

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<b>UNIVERSITIES (continued)</b>			
ASU - Tempe			
Lump Sum Reduction	(41,676,500)	0	Cuts of this magnitude may cause the following impact to all three universities:
ASU - Polytechnic			1. Reduce course availability and cause larger class size and course cancellations, which may have the effect of lowering graduation and persistence rates.
Lump Sum Reduction	(2,591,600)	0	2. Reduce academic advising services
ASU - West			3. Force universities to accept more out-of-state students thereby reducing the amount of Arizona students accepted
Lump Sum Reduction	(5,360,400)	0	4. Tuition and fee increases which create barriers to higher education.
Northern Arizona University			5. Reduce institutional financial aid.
Lump Sum Reduction	(16,086,900)	0	6. Reductions in faculty
University of Arizona - Main			7. Reduce other student support services such as counseling, tutoring and health services.
Lump Sum Reduction	(36,238,900)	0	For context: Total cuts to ASU is approximately \$50 million, only \$9 million less than the entire East Campus operating budget.
University of Arizona - Health Sciences Center			
Lump Sum Reduction	(8,095,400)	0	